

## Message Text

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ORIGIN EB-11

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R 140021Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: EAIR, AR

SUBJECT: CIVAIR: GROUND HANDLING

1. ARGENTINA AIR FORCE ISSUED DECREE ON JULY 19, 1974 RE-QUIRING ALL AIRLINES TO TERMINATE CONTRACTS FOR PURCHASE OF GROUND HANDLING SERVICES AND INSTEAD PURCHASE SUCH SERVICES FROM AEROLINEAS ARGENTINAS EFFECTIVE SEPTEMBER 18. THOSE PERFORMING THEIR OWN GROUND HANDLING (WHICH INCLUDES PANAM AND BRANIFF) REQUIRED USE AEROLINEAS BY JANUARY-MARCH 1975. PANAM SEEKING DEPARTMENT ASSISTANCE TO REVERSE RULING AND HAS BROUGHT COMPLAINT TO ATTENTION IATA. BRANIFF DOES NOT WISH TO ENDANGER ITS OTHER INTERESTS IN ARGENTINA BY APPEARING RECALCITRANT ON GROUND HANDLING ISSUE, ALTHOUGH IT EQUALLY CONCERNED. ACCORDINGLY IT HAS NOT SOUGHT USG SUPPORT.

2. DEPARTMENT OPPOSED TO PROPOSED GROUND HANDLING MONOPOLY ON FOLLOWING GROUNDS: 1) IT VIOLATES RECIPROCITY SINCE AA IS FREE TO DO ITS OWN GROUND HANDLING OR USE AN AGENT OF ITS CHOICE IN US; 2) GROUND HANDLING BY COMPE-TITOR AIRLINE MAY RESULT IN NATIONAL AIRLINE RESERVING  
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PREFERRED TREATMENT FOR ITSELF; 3) MONOPOLY LIKELY

RESULT IN HIGHER PRICES; 4) GROUND HANDLING IS INHERENTLY PART OF AND INSEPARABLE FROM OVERALL SCOPE OF SERVICES OF COMMERCIAL AVIATION OPERATIONS AND SHOULD BE LEFT TO

INDIVIDUAL AIRLINES; 5) ARGENTINE DECREE CONTRAVENES ACCEPTED INTERNATIONAL PRACTICE AS RECOMMENDED BY ICAO. FOLLOWING AMENDMENT TO ICAO ANNEX 9-FACILITATION, WAS RECENTLY ADOPTED BY ICAO COUNCIL:

"6.4 RECOMMENDED PRACTICE - IT IS RECOMMENDED THAT THE AIRLINES BE OFFERED THE CHOICE OF PROVIDING THEIR OWN SERVICES FOR GROUND HANDLING OPERATIONS, OR OF HAVING SUCH OPERATIONS PERFORMED ENTIRELY, OR IN PART, BY AN ORGANIZATION CONTROLLED BY ANOTHER AIRLINE AUTHORIZED BY THE AIRPORT AUTHORITY, OR BY THE AIRPORT OPERATOR, OR BY A SERVICING AGENT LICENSED BY THE AIRPORT AUTHORITY."

3. BEFORE UNDERTAKING ANY UNILATERAL APPROACH TO GOA IT WOULD BE USEFUL TO EXPLORE POSSIBILITIES OF A MULTILATERAL APPROACH. ARE GOVERNMENTS OF OTHER FOREIGN CARRIERS SERVING BA AWARE OF SITUATION? HAVE THEY GIVEN ANY INSTRUCTIONS TO THEIR EMBASSIES IN THIS CONNECTION? EMBASSY SHOULD CONTACT AT ITS DISCRETION THE EMBASSIES OF APPROPRIATE COUNTRIES TO DETERMINE WHAT IF ANYTHING THEY PLAN DOING, AND WHAT WOULD BE THE POSSIBILITY OF THEIR JOINING USG IN JOINT INITIATIVE AGAINST GOA DECREE USING ARGUMENTS SIMILAR TO THOSE OUTLINED PARA 2, AND EXPANDED TO COVER OTHER GOVERNMENTS. NO USEFUL PURPOSE WOULD BE SERVED IN APPROACHING SPANISH EMBASSY SINCE IBERIA AND GOS ARE AMONG LEADING PROPONENTS OF GROUND HANDLING MONOPOLIES.

4. BRANIFF AND PANAM ARE NOT PRESSING FOR CONTINUATION OF GROUND HANDLING THEY PERFORM FOR OTHER AIRLINES IN BA, BUT ONLY DO THEIR OWN HANDLING. THEY ARE ALSO CONCERNED, AS IS USG, OVER RECENT SPREAD OF MONOPOLY GROUND HANDLING IN SOUTH AMERICA AND ELSEWHERE, AS WELL AS OVER POSSIBILITY THAT NEXT GOA ACTION MIGHT BE TAKEN OVER CUSTOMER SERVICES (TICKET COUNTERS, ETC.). KISSINGER

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## Message Attributes

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